

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE BRISTOL COUNTY WATER AUTHORITY

Wednesday, September 15, 2010

450 Child Street, Warren Office, Warren, RI

Pursuant to proper notice, the regular meeting of the Board of Directors of the Bristol County Water Authority was called to order by Chairman Jannitto at 6:00 pm, 450 Child Street, Warren Office, Warren, Rhode Island. Executive Director Pasquale DeLise and the following Directors were in attendance at the commencement of the meeting:

David Dugan, William Gosselin, John Jannitto, Allan Klepper, Frank Nencka, Joseph Rego, Frank Sylvia

Director Absent: John McElroy

Chairman Jannitto asked for a moment of silence for former employee Mary Neves's son who had passed away.

Chairman Jannitto welcomed Warren Town Councilor President, Mr. David Frerich, and Warren Town Councilor Mr. Joseph DePasquale.

Director Klepper stated he met former BCWA Director Mr. John Veader who has been diagnosed with ALS.

HOUSEKEEPING

Minutes of the following meeting were reviewed.

Upon a motion duly made and seconded, it was

VOTED: That the minutes of the Board Meeting of August 11, 2010, be approved.

Motion passed unanimously.

Upon a motion duly made and seconded, it was

VOTED: That the Sealed Executive Session Minutes of the Board Meeting of August 11, 2010, be approved.

Motion passed unanimously.

Director Rego stated that the Barrington Times had an article on BCWA employees pension plan. He questioned if BCWA had given the paper that information.

Executive Director DeLise stated that he had provided the information, upon their request.

The Chair recognized Mr. Brian Mellor, Local 359 Union President, who stated that the local newspaper had published employees names with their pension lump sum. The union feels that no names should have been given to the newspapers to be published.

AUDIT FINANCE

Director Sylvia reported:

New Business

1. Meter Replacement Program, Manager of Customer and Commercial Services stated that 25 meters had been installed. There are 400 meters in inventory.

2. Legal Costs Update, item to stay on agenda.

3. RICWFA Recap, item to stay on agenda.

4. Rate Structure Revisited, Note: The issue concerning BCWA rate increase potentially parallel and as a result of Providence rate increase, will be on October meetings.

5. Correspondence from Director Gosselin Concerning BCWA Janitorial Expenses, Committee requests item off agenda.

6. Water Allocation Regulations, no news at this time.

New Business

1. Review of Customer Water Bill, Customer had requested to be heard however was not present at meeting of 9/1/10. Committee requests customer to be notified that customer will be given another opportunity to be heard at October meetings. Customer has paid her bill in full.

Engineering

Director Rego reported:

Old Business

- 1. Water Treatment Plant Project Update, no news at this time.**
- 2. Storage Tank Rehabilitation Project Update, Rehabilitation of Bay View Tank, Executive Director DeLise stated that the tank is off-line. Amstar will be here next week to mobilize. Project should be completed by Thanksgiving 2010.**
- 3. Serpentine Road Drainage Project Update, No news.**
- 4. Construction Progress Reports, Assistant Engineer, Mr. Richard Fennessy stated that the Roger Williams University tank is now on-line.**
- 5. East Providence Emergency Pump Station iV A draft report is scheduled to be ready at the end of October 2010. Start-up meeting held on 7/13/10.**

6. Anawan Reservoir Spillway ¡V Miscellaneous Damage Due to Heavy Rain the Week of March 29, 1010, All requested/required documents submitted to FEMA.

7. Hydraulic Study ¡V Expansion of High Service Area, Pare Engineering, Pare report presents 2 options, Option 1, more direct, better results probable cost \$6.8 million. Option 2, more complex, easements, probable cost \$5.3 million. Staff recommends Board adopt Option 1.

Director Rego asked that this item be taken off the agenda and put back on the agenda at budget time.

8. Recent Correspondence Concerning Rehoboth Water District (Executive Session), no news at this time.

PUBLIC RELATIONS/PERSONNEL COMMITTEE

Director Gosselin reported:

Old Business

1. Recent Correspondence from Attorney L. Schneider (Executive Session _ RIGL 42-46-5 „» B), The Board voted to go into Executive Session under RIGL 42-46-5 „» B to discuss this item. Upon a motion duly made and seconded, it was

VOTED: To go into Executive Session under RIGL 42-46-5 „» B to

discuss recent correspondence from Attorney Schneider.

All presented voted Aye.

The Board entered Executive Session at 6:17 pm.

The Board returned to open meeting at 6:30 pm.

The Chairman made the following motion which was duly seconded

MOTION: To seal these Executive Session minutes.

Motion passed unanimously.

2. Employee Health Contribution, No news at this time.

3. Pension Plan of the Employees of Bristol County Water Authority (Executive Session), no news at this time.

4. Pension Plan Investment Limits (at the Request of Director Matsumoto), no news at this time.

5. Recent Correspondence from Director Gosselin concerning the Pension Plan of the Employees of BCWA, no news at this time.

New Business

1. Annual Pension Plan Actuarial Report, the Chair introduced Mr. Robert Bostian from Benefit Management.

Mr. Bostian presented the Annual Actuarial Report.

Mr. Bostian stated that this was a better year for the fund. BCWA contributed \$186,000 last year to the fund. The vested value in the Plan is \$7.8 million.

The Chair recognized Warren Town Councilor, Mr. Joseph DePasquale who had several questions for the Board concerning the Pension Plan. (Attached)

From the minutes of the Board of Directors meeting, April 7, 2009:

What were the six amendments to the Plan?

Value of the lump sum was a concern. The document now requires a 30 year Treasury rate, what is Mr. Bostian's recommendation.

From the minutes of the Board of Directors meeting, May 6, 2009:

¿Amendment has to be made to comply with Federal rules¿, what rules?

Mr. Bostian stated that BCWA's attorney should respond to all these questions.

The Chair recognized Mr. Brian Mellor who stated that the Union is presently in litigation concerning the Pension Plan. Questions about

the Plan should not be discussed until litigation is settled.

Mr. Bostian stated that the present plan was taken over from the private company. Director Rego stated that when the Authority took over, all the existing conditions were kept.

The Chair recognized Mr. Gary Morse who asked about new pension rules that would take affect in 2012.

Warren Town Councilor Mr. DePasquale questioned the lump sum option.

Chairman Jannitto stated that pension formula was changed, not doing away with the lump sum. This is a negotiable item.

2. Recent Tri-Town Meeting Concerning BCWA Operational Review, Executive Director DeLise stated that our legal counsel attended the meeting.

Director Matsumoto asked the status of the RFP.

Director Klepper stated that the RFP is for technical aspects, BCWA should not spend any money on it. BCWA should not be paying our legal counsel for working on the RFP, it should be paid by the Towns.

Executive Director DeLise stated that it is anticipated the Town

Councils and BCWA will each pay up to \$10,000.

Director Sylvia stated that Legal Counsel Ms. Sandra Mack has taken over writing the RFP, the total amount will be \$40,000 to be split among the towns and us.

Director Rego made the following motion

MOTION: Authorize up to \$10,000 for the RFP.

Director Dugan seconded.

Directors Klepper and Matsumoto both stated they would be voting against the motion.

Motion passed 5 -2, Voting Nay Directors Klepper and Matsumoto.

Director Rego made the following motion

MOTION: Water Authority to assume all of Sandy Mack's legal expenses.

No second to the motion.

Director Matsumoto made the following motion

MOTION: 4 partners share all legal costs pertaining to the RFP.

Director Klepper seconded the motion.

Motion passed 6 y 1, voting Nay Director Rego.

Director Rego stated that BCWA should not be paying for anything and that Ms. Mack should not be involved. The RFP should be completely independent of the Water Authority.

The Chair recognized BCWA employee, Ms. Donna Glover who questioned if the Board had requested Ms. Mack to attend the Tri-Town meeting.

Director Sylvia stated that Ms. Mack has knowledge of putting an RFP together and was invited by the Councils.

Ms. Glover stated that the Board approved \$10,000 for the RFP and now legal fees also.

BCWA in the News y No discussion followed.

NEXT STEPS

1. Audit Finance Committee Meeting, Thursday, October 7, 2010, 5:15 p.m., Warren Office, Boardroom, 450 Child Street.

2. Engineering Committee Meeting, Thursday, October 7, 2010, 5:20 p.m., Warren Office, Boardroom, 450 Child Street.

3. Personnel/Retirement Committee Meeting, Thursday October 7, 2010, 5:25 p.m., Warren Office, Boardroom, 450 Child Street.

4. Board of Directors Monthly Meeting, Wednesday, October 13, 2010, 6:00 p.m., Warren Office, Boardroom, 450 Child Street.

The Chairman made the following motion, which was duly seconded

MOTION: To accept the dates for the October meetings.

Motion passed unanimously.

The Chairman made the following motion, which was duly seconded

MOTION: To adjourn the meeting.

Motion passed unanimously.

There being no further business, the meeting was adjourned at 7:55 pm.

John L. McElroy, Jr.

Secretary

Document presented by Warren Town Councilor, Mr. Joseph DePasquale.

August 25, 2010,

I have several questions I would like to review with either you or a Hinckley

**> representative at that meeting. The questions pertain to changes
> made in 2009 to the BCWA pension plan.**

**> > From the minutes of the Board of Directors meeting, April 7, 2009:
> > "Ms. Vitals stated that 6 amendments had been made to the Pension**

> Plan as required by law for the life of the plan".

**> > QUESTION TO THE ABOVE ¿X WHAT WERE THE SPECIFIC 6
> AMENDMENTS TO THE PENSION PLAN "REQUIRED BY LAW"?**

> > From the

> same meeting:

> > "Mr. Robert Bostian stated that funding to the lump

> sum was a concern, the sum was too high, it was of a greater value than

> the annuity. The value of the lump sum is now consistent with the annuity.

> Because BCWA is a government entity the July 1, 2008 contribution must be

> redone to make the contribution more consistent with what was done in the

> past."

> > QUESTION TO ABOVE ¿X THE

> PENSION PLAN

> DOCUMENT NOW REQUIRES 30 YEAR TREASURY

> RATES TO CALCULATE LUMP SUM PENSION

> CHECKS. IS THIS WHAT MR. BOSTIAN RECOMMENDED? IF NOT, WHAT DID

> MR BOSTIAN RECOMMEND AT THAT TIME?

> > From the minutes of the Board of

> Directors meeting, May 6, 2009:

> > "Ms. Sandra Mack explained that an

> amendment has to be made to comply with Federal rules".

> > QUESTION TO THE ABOVE ¿X WHAT SPECIFIC "FEDERAL

> RULES" WERE YOU REFERENCING REQUIRING COMPLIANCE AND HOW IN THE

> AMENDED PENSION PLAN WERE THE COMPLIANCE REQUIREMENTS ADOPTED?